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SUBJECT: SCENESETTER FOR CODEL REYES VISIT AUGUST 26-28

11. (SBU) SUMMARY: Representative Reyes, the staff of Embassy Jakarta warmly welcomes your visit. Indonesia and the United States are key partners in promoting democracy and security in Southeast Asia. Ten years of political and economic reform have made Indonesia democratic, stable, and increasingly confident about its leadership role in Southeast Asia. Indonesia has held successful, free and fair elections; has weathered the global financial crisis; and is tackling internal security threats. After the terrorist attacks of July 17, the Indonesian government and people are resolute in overcoming the terrorist threat. Our Comprehensive Partnership with Indonesia will bolster Indonesia's reform efforts and advance U.S. interests in the region. The visit of CODEL Reyes will happen at an exciting time in U.S.-Indonesian relations. END SUMMARY.

A REGIONAL ANCHOR

12. (SBU) Indonesia is the natural leader of Southeast Asia. The success of Indonesia's democratic and reform process has given the country new confidence in its stability, sovereignty and territorial integrity. This new confidence can help the United States work better with Indonesia to achieve our aims in Asia. Indonesia sits at the crossroads of transit between East Asia, South Asia, and the Middle East and will be critical to ensuring balanced and stable relations in the region. As home of the ASEAN Secretariat, Jakarta seeks a greater leadership role in ASEAN, and it is succeeding. GOI officials spearheaded efforts to enshrine democracy and human rights in the ASEAN Charter. Indonesia has played an important but largely behind-the-scenes role in encouraging democracy and human rights in Burma. President Yudhoyono's Bali Democracy Forum, attended by Burma, is meant to lure the Burmese regime into learning about the benefits of democracy. During late July ASEAN meetings, Foreign Minister Wirajuda pressed the Burmese to release jailed democracy activist Aung San Suu Kyi.

A VIBRANT DEMOCRACY

13. (SBU) Indonesian April 9 legislative and July 8 presidential elections were fair, free, and peaceful. The results of the legislative and presidential elections affirmed incumbent President Yudhoyono's reformist policies. In April, President Yudhoyono's Partai Demokrat (PD) won a plurality in legislative elections, with 20.85 percent of the popular vote (and over a quarter of the 560 parliamentary seats). This was followed by President Yudhoyono's landslide reelection victory in July. Seen as the reformist, clean candidate, he further shored up his credentials by choosing a non-partisan, economically savvy, U.S.-educated technocrat as running mate. Together they captured 60.8 percent of the vote and 28 of the nation's 33 provinces. Vice President

Jusuf Kalla and former president Megawati Sukarnoputri challenged Yudhoyono in the presidential elections. Neither Kalla nor Megawati gained enough votes to force President Yudhoyono to a second round of run-off elections.

A VIBRANT ECONOMY

¶4. (SBU) With estimated growth of four percent for 2009, Indonesia is the third-fastest growing economy in the G-20. Indonesians are proud of their transition over little more than a decade from economic basket case during the Asian financial crisis to member of the G-20, coordinating global responses to the crisis. Although some of Indonesia's responses to the economic crisis have been protectionist, new opportunities for U.S. businesses are emerging. Boeing has a huge order book with Indonesian airlines. General Electric and Electro-Motive are competing for a several hundred million dollar locomotive deal. The Export-Import Bank is considering infrastructure and clean energy facilities to finance U.S. business deals and looking for ways to decrease the costs for lending in Indonesia. And OPIC is negotiating a new Investment Incentive Agreement with Indonesia.

OVERCOMING SECURITY THREATS

¶5. (SBU) The Government of Indonesia's (GOI) response to the July 17 terrorist attacks has been swift. The GOI has heightened security nationwide, and the INP is working steadily to find the masterminds of the attack. While Indonesia's counterterrorism efforts have been impressive and its capacity to fight terrorism within its borders has

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improved steadily, continued vigilance is needed, as the events of July 17 demonstrated. Malaysian Jemaah Islamiyah (JI) operative and recruiter Noordin Mohammed Top, who is suspected of involvement in every anti-Western terrorist attack in Indonesia since 2002, including the July 17 bombings, remains at large. Indonesia's security posture is generally stronger than it was prior to the July 17 attacks, and Mission has determined that a new travel alert is not necessary at this time. The attacks have not affected the planning for a potential visit by President Obama in November.

U.S. SUPPORTS INDONESIA'S COUNTERTERRORISM EFFORTS

¶6. (SBU) Until the bombings on July 17, Indonesia experienced three and a half years without a major terrorist incident. The Indonesian government's counterterrorism efforts drastically reduced the ability of militant groups in Indonesia to carry out attacks, and the GOI's has redoubled its efforts since the July 17 bombings. U.S. assistance has been an important component of this success. The Embassy has worked to build the investigative support for and forensic capabilities of the Indonesian National Police (INP) through numerous developmental programs administered by Department of Justice's International Criminal Investigative Training and Assistance Program. The Indonesian National Police, including elements of the USG-funded Special Detachment-88, have effectively disrupted the Jemaah Islamiyah (JI) terrorist network and are helping to investigate the Marriott and Ritz-Carlton bombings. The USG-funded Attorney General's Task Force on Terrorism and Transnational Crime has successfully prosecuted 64 terrorists, including 43 JI members since 2006, and DOJ enhanced the prosecutorial capacity of the task force.

JAKARTA RESOLUTE AFTER BOMBINGS

¶7. (SBU) Indonesians remain resolute to continue with life as usual in spite of the terrorist attacks. Although security has been heightened across Jakarta, residents have continued with their lives, including a weekend ritual of flooding the shopping malls. The impact of the attacks on the Indonesian economy overall have been minimal, and the Indonesian currency and stock market showed only a slight

decline on July 17 and had rebounded by July 21. The tourism sector will likely take the greatest hit, given the Australian and Singaporean travel warnings. On the Indonesian national day, August 17, Indonesians used the celebrations to express their support for counterterrorism efforts, wearing signs bearing Noordin M. Top's image and the phrases: "wanted," "exterminate terrorists," and "beware of terrorists." The Indonesian online community, "Indonesia unite," has used their motto "We are not afraid," to continue support for Indonesia, promote tourism, and provide support for local businesses.

A COMPREHENSIVE PARTNERSHIP

18. (SBU) President Yudhoyono proposed that the U.S. and Indonesia launch a Comprehensive Partnership in his November 2008 speech in Washington. Secretary Clinton's visit in February 2009 was a critical step in beginning a dialogue with Indonesians about the key elements of that partnership. The United States and Indonesia will have many of the elements in place in time for President Obama's proposed visit to Indonesia in November. Under a Comprehensive Partnership, we will strengthen Indonesia's democratic institutions and capacity to promote democracy beyond its borders. The partnership will allow us to expand our already robust regional security cooperation and deepen our cooperation with the Indonesian military to enhance its capability to provide disaster relief and participate in international peacekeeping operations. We will promote the people-to-people ties that are critical to the success of our partnership, including bringing the Peace Corps back to Indonesia and expanding education cooperation. Indonesia is richly endowed with biodiversity and natural resources. However, Indonesia the one of the world's largest greenhouse gas emitters. In recent years, Indonesia has taken a stronger leadership position on protecting its environment. We are discussing with the Indonesians commitments to reduce emissions from deforestation, cooperation on food security focusing on fisheries, and combating emerging and tropical disease whose spread will be exacerbated by climate change in this region.

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INDONESIA: IMPORTANT U.S. PARTNER IN DEMOCRACY

19. (SBU) Our security relationship with Indonesia is only one dimension of a robust partnership. Indonesia's democratic institutions are flourishing. Indonesian consumer confidence rose in July to its highest level in nearly five years. Although much work remains to be done in educational reform, poverty alleviation, combating corruption, improving security, and reducing environmental degradation, Indonesia is emerging as a leader in ASEAN, G-20 and other multilateral fora on the global stage. Our Comprehensive Partnership with the world's third largest democracy is an opportunity for the United States to promote its interests bilaterally, regionally, and internationally.

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